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MESSAGE FROM THE CHAIR

The 2005 – 2006 Tourism British Columbia Annual Report was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The Board is accountable for the contents of the report, including the selection of performance measures and how the results have been reported. The information presented reflects the actual performance of Tourism British Columbia for the year ended March 31, 2006. All significant decisions, events and identified risks, as of May 24, 2006, have been considered in preparing the report.

The information presented is prepared in accordance with the BC Reporting Principles and represents a comprehensive picture of our actual performance in relation to our Service Plan. The measures presented are consistent with Tourism British Columbia's mission, goals and objectives, and focus on aspects critical to the organization's performance. The Board is responsible for ensuring internal controls are in place to ensure performance information is measured accurately and in a timely fashion. This report contains estimates and interpretive information that represents the best judgment of management. Any significant limitations in the reliability of data are identified in the report.

The fiscal period of 2005/06 represented "Year One" of increased funding for Tourism British Columbia, as the organization began the strategic roll-out of new and expanded programs geared towards laying the foundation for doubling tourism by 2015. Announced in September 2004, by Premier Gordon Campbell, Tourism BC's budget was increased to $50 million. Following several months of stakeholder consultation and planning, we have entered into an aggressive implementation phase of a long-term strategy that effectively targets the five years before the Vancouver 2010 Olympic and Paralympic Winter Games, and the critical five years after.

Achieving $9.8 billion in revenue in 2005, tourism in BC plays a vital role in economic vibrancy throughout British Columbia's communities, and the contribution of the industry has never been more important than in the lead-up to the Vancouver 2010 Olympic and Paralympic Winter Games. The performance measures found in this annual report are key indicators of Tourism BC's efforts in fulfilling its mandate to grow tourism throughout the province.

Despite challenges such as rising gas prices, a shrinking US/Canada exchange rate, and the upcoming implementation of the US passport policy, early forecasts for 2006/07 suggest another positive year for the tourism industry. We are committed to using the best market research available and the expertise of our staff to ensure that our Super, Natural British Columbia® destination continues to be competitive.

I would like to offer my sincerest appreciation to the staff of Tourism British Columbia for all their efforts, to my fellow board members for their dedication and to the Minister of Tourism, Sport and the Arts for her continued support of our organization.

Allen Tozer

Chair-elect, Board of Directors

LETTER FROM THE PRESIDENT

In fiscal 2005/06, Tourism BC's budget was increased to $50 million, as the organization enjoyed the benefit of an additional $22.4 million from the province to help launch new and expanded tourism programs, all designed to deliver on the goal to double tourism by 2015. This became the first year of what can be considered the "Ten years of 2010", five years prior to hosting the Vancouver 2010 Olympic and Paralympic Winter Games, and the crucial five years after.

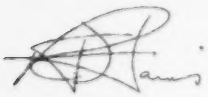
Tourism British Columbia's *Tourism Strategic Framework 2005 – 2015* was presented to industry in February 2005, and implementation began April 1, 2005. A culmination of extensive consultation with nearly five hundred participants in 45 communities, destination marketing organizations, tourism professionals, mayors, councillors and economic development officers, the framework incorporates detailed consumer research and now forms the basis of Tourism British Columbia's long-term corporate strategy.

To this end, Tourism BC's new and updated programs include demand-side initiatives geared to maximizing market performance. These include BC Escapes®, HelloBC.com, Tourism Partners, Partners Plus, City Stays, Meetings BC, British Columbia Magazine®, Canada's West Marketplace®, Travel Trade, Media Relations, Community Tourism Foundations® and Experiences BC.

On the supply side, there are several programs including: 1-800 HELLO BC®, Tourism Product Management, Aboriginal Tourism Blueprint Strategy, Visitor Servicing, Sport Tourism Development, SuperHost®, Tourism Business Essentials®, Accommodation Quality Assurance and Research. These programs are intended to build up export-ready capacity across sectors and across the tourism regions of the province.

By implementing activities across a wide spectrum, Tourism BC is doing its part to help build industry opportunities throughout the province, for today and for the future.

These times are both exciting and challenging for the BC tourism industry. I have great confidence that the tourism system in our province including the Ministry of Tourism, Sport and the Arts, regional and city marketing organizations, communities and of course, the thousands of independent business operators gives us strength to maximize opportunities and minimize threats. In terms of Tourism BC's role, I am proud of the accomplishments detailed in this 2005/06 Annual Report, and I look forward to future success for our industry.



Rod Harris
President and Chief Executive Officer

ORGANIZATIONAL OVERVIEW

Tourism British Columbia became a Crown corporation in April 1997. Funding of $50 million per year is a combination of the existing hotel room tax and an annual operating grant from the Ministry of Tourism, Sport and the Arts. The purpose, mandate and principles of Tourism British Columbia are defined under the *Tourism British Columbia Act* as follows:

PURPOSE:

- To promote development and growth in this vital sector.
- To increase revenues and employment throughout British Columbia.
- To increase the economic benefits generated by the tourism industry.

MANDATE:

- Market British Columbia as a tourism destination.
- Provide information services for tourists.
- Encourage enhancement of standards of tourist accommodation, facilities, services and amenities.
- Enhance professionalism in the tourism industry.
- Encourage and facilitate the creation of jobs in the tourism industry.
- Collect, evaluate and disseminate information on tourism markets, trends, employment, programs and activities, as well as on the availability and suitability of infrastructure and of services that support tourism activities.
- Generate additional funding for tourism programs.

CORPORATE PRINCIPLES

- The need to conduct business in a consultative, responsible and accessible manner.
- The importance of promoting all regions of British Columbia and all sectors of the tourism industry to help them to reach their full potential.
- The importance of observing and encouraging effective and efficient business practices.
- The value of working co-operatively with the public and private sectors.

Tourism BC's vision is to be a recognized world leader in tourism destination management. Our mission is to ensure quality visitor experiences that grows the success of British Columbia's tourism industry.

Our corporate values are:

- Integrity – what we bring as individuals.
- Enthusiasm – what we portray.
- Teamwork – how we work together.
- Progressive – what we strive for.

ORGANIZATIONAL STRUCTURE

Tourism British Columbia embraces a consumer-driven approach to marketing, working with private sector and industry partners to bring the right products to the right markets, through various distribution channels that reflect the diversity of consumer and travel trade needs. Tourism BC's governance and organizational structure:

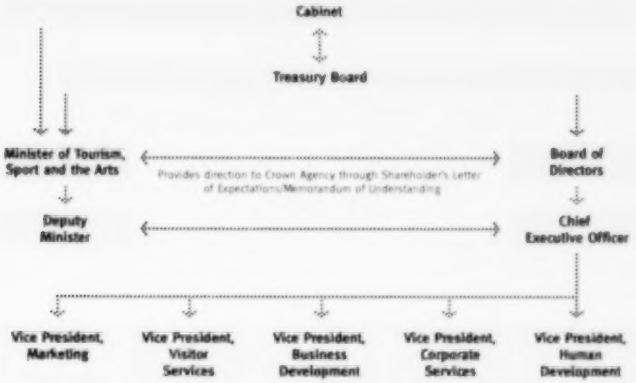

Cabinet
Treasury Board
Minister of Tourism, Sport and the Arts
Provides direction to Crown Agency through Shareholder's Letter of Expectations/Memorandum of Understanding
Board of Directors
Deputy Minister
Chief Executive Officer
Vice President, Marketing
Vice President, Visitor Services
Vice President, Business Development
Vice President, Corporate Services
Vice President, Human Development

CHART FORMAT SOURCE: the Shareholder's Expectations Manual for British Columbia Crown Agencies – April 2006

As highlighted in the following chart, all stages of the tourism marketing cycle are aligned with Tourism BC core business activities in order to achieve corporate goals:

Tourism British Columbia is structured as a professional marketing organization, comprised of core business functions that deliver programs and activities across the Marketing Cycle.

- The *Marketing* Division develops consumer and trade promotion marketing strategies and programs based on consumer needs in key geographic markets to increase demand for British Columbia as a preferred travel destination. All activities are integrated and strategically targeted to help move the consumer through the purchase cycle of awareness, interest, purchase, and then ongoing repeat purchase. The primary goal of this division is to increase tourism revenues from two types of markets: "volume" (British Columbia, Alberta, Washington) and "high-yield" (long haul North America, Asia/Pacific, Europe).
- The *Visitor Services* Division strategically continues the consumer purchase cycle and its primary goal is to optimize the BC visitor's experience through enhanced customer service. The division's programs/activities include:
  - Providing information and sale of tourism products to travellers via each Visitor Centre location, HelloBC.com, 1-800 HELLO BC®, information service and worldwide distribution of British Columbia travel guides.
  - Tourism Product Management registers accommodation facilities, attractions and services in Tourism BC marketing programs and undertakes inspection and rating programs with accommodation properties featured in the British Columbia Approved Accommodation Guide and on HelloBC.com.
  - Training Services builds a professional, well-trained workforce through the world-class SuperHost® training programs ensuring consumer loyalty and repeat business.
- The *Business Development* Division is responsible for assisting new and emerging tourism product businesses, communities and sectors achieve market preparedness. Its programs focus on providing useful tools for tourism businesses and communities to help grow their business opportunities. The division is also responsible for providing research to industry partners for the measurement, evaluation and management of growth in all sectors, developing new revenue-generating opportunities, and the award-winning publication, British Columbia Magazine®.
- Tourism BC is strongly committed to disciplined management practices and accountability, while ensuring a positive corporate culture. Through the development and implementation of efficient financial, administrative, information and human resource systems, *Corporate Services* and *Human Resource Development* continue to help contribute to the positive performance of the organization.
- Tourism BC delivers many of its services and programs by leveraging its resources through various partnerships, including regional and city DMOs, product sectors, Visitor Centre locations and other tourism organizations at the federal and provincial level.

In addition to primary offices in Vancouver and Victoria, Tourism BC maintains in-market representation in key markets including Australia, Germany, Japan, United Kingdom, South Korea and Taiwan.

Due to the diversity of tourism products and experiences available throughout the province, Tourism BC's Research Department tracks a number of indicators to determine overall industry performance.

CUSTOMS ENTRIES

Key to developing and implementing marketing programs, Tourism BC tracks results from a number of areas that provide useful background on market performance. A significant indicator is customs entries data, which captures visitation from British Columbia's international markets. The percentage shown indicates the increase or decrease in entries over calendar year 2004. Overall, overnight customs entries from all international markets were down 1.2% from the previous year. This is largely due to the decrease in entries from the United States, which were down 3.4% for the year. Asia/Pacific saw growth, increasing by 2.1% and Europe was up by 8.1%.

Provincial Indicators	1st Qrt	2nd Qrt	3rd Qrt	4th Qrt	Total 2005	Canada Total 2005
US Overnight Custom Entries	535,730	877,307	1,486,034	541,254	3,440,325	14,388,157
% change	(4.8%)	(2.4%)	(2.3%)	(6.5%)	(3.4%)	(4.6%)
Asia/Pacific Overnight	149,325	248,411	302,065	166,813	866,614	1,516,411
% change	2.0%	1.7%	1.8%	3.3%	2.1%	6.3%
Japan	42,546	64,803	84,536	49,009	240,894	423,881
% change	(6.1%)	(2.0%)	(1.2%)	4.3%	(1.1%)	2.6%
Taiwan	14,788	24,303	29,768	18,837	87,696	98,238
% change	(1.1%)	(24.5%)	(1.0%)	3.1%	(8.2%)	(7.9%)
Hong Kong	14,990	20,287	23,597	12,356	71,230	111,415
% change	1.2%	1.3%	(8.1%)	0.7%	(2.2%)	(3.5%)
Australia & New Zealand	25,982	49,063	53,125	24,623	152,793	240,807
% change	8.0%	15.3%	8.1%	(0.6%)	8.8%	11.5%
South Korea	23,244	32,195	43,788	21,393	120,620	179,961
% change	7.7%	6.4%	1.2%	(2.3%)	3.1%	5.9%
China	13,775	21,985	28,556	18,965	83,281	117,490
% change	0.9%	18.9%	(1.8%)	2.8%	4.5%	15.3%
Europe Overnight	70,487	133,272	213,320	66,419	483,498	2,315,609
% change	15.8%	7.5%	6.9%	5.9%	8.1%	8.5%
United Kingdom	40,491	66,380	94,565	34,723	236,159	906,179
% change	15.9%	5.9%	7.8%	1.8%	7.9%	9.9%
Germany	8,852	21,443	43,087	9,523	82,905	324,373
% change	12.4%	(3.2%)	(3.0%)	15.2%	0.3%	8.2%
Netherlands	4,075	10,149	17,735	4,649	36,608	118,805
% change	17.8%	7.1%	13.0%	0.2%	10.0%	1.6%
Switzerland	2,653	5,870	9,778	1,987	20,288	96,547
% change	18.1%	26.8%	24.8%	(9.1%)	20.1%	5.9%
France	2,149	4,513	7,259	2,166	16,087	356,489
% change	14.1%	30.7%	7.3%	(4.0%)	12.0%	7.4%

DATA SOURCE: Statistics Canada. Data subject to ongoing revision from suppliers.

OTHER TOURISM INDUSTRY PERFORMANCE INDICATORS

Given the wide variety of businesses directly linked to tourism, performance is best measured by cross-referencing a number of indicators that relate to overall tourism activity. In particular, tourism plays a key role in the performance of the accommodation, food services and transportation sectors.

Indicators of the performance of the accommodation sector were positive in 2005; overall room revenue rose 6.1%; room revenue of fishing lodges rose 5.1%. The increase in the average daily room rate of 1.3% implies that much of the increase in revenue was due to an increase in visitor volume. The occupancy rate rose by 2.4 points, showing that the increase in demand for rooms was greater than the increase in supply.

Increased volume at Vancouver International Airport and on the Coquihalla Highway both reflect increased visitor travel, by international visitors at the airport and primarily BC residents and Albertans on the Coquihalla. Increases in the number of parties at all Visitor Centre locations around the province also reflect increased tourism activity during 2005.

Because tourism is seasonal in some regions of the province and for some products (ski, for example) it is important to examine quarterly as well as annual data to get a complete picture of the performance of the industry.

	1st Qrt	2nd Qrt	3rd Qrt	4th Qrt	Total 2005
Accommodation Room Revenue ($000s)	353,190	408,487	612,412	316,004	1,690,093
% change	4.1%	4.7%	6.0%	10.8%	6.1%
Provincial Occupancy Rate	54.8%	68.4%	78.9%	55.7%	64.6%
% change	0.9%	3.7%	3.8%	4.7%	2.4%
Provincial Average Daily Room Rate	108.02	115.22	134.94	108.01	118.26
% change	(4.1%)	(0.1%)	1.6%	2.9%	1.3%
Commercial Restaurant Receipts ($000s)	1,421,541	1,565,002	1,652,253	1,492,445	6,131,240
% change	2.6%	6.2%	2.9%	(1.1%)	2.1%
Vancouver International Airport – Passenger Volume	3,725,498	4,083,545	4,923,104	3,686,736	16,418,883
% change	7.6%	4.5%	2.9%	3.2%	4.4%
BC Ferries – Passenger Volume	4,120,742	5,517,752	7,520,309	4,631,276	21,790,079
% change	1.7%	(1.2%)	(0.5%)	(2.7%)	(0.8%)
Coquihalla Highway	410,442	691,150	1,052,917	465,277	2,619,786
% change	4.2%	0.1%	2.5%	(2.0%)	1.9%
Fishing Lodges (room revenue)	517,334	5,668,190	13,097085	1,214,582	20,497,192
% change	3.7%	6.8%	5.3%	(3.7%)	5.1%
Provincial Visitor Centre locations – # parties	197,988	466,975	852,937	202,205	1,720,105

DATA SOURCES: BC Stats, Pannell Kerr Forster Inc, Statistics Canada, Vancouver International Airport Authority, BC Ferries, Ministry of Transportation, Tourism BC

INDUSTRY REVENUE

The following two charts report estimates of expenditures in British Columbia by visitors on overnight trips. Residents of British Columbia, other Canadian provinces and the US were the largest sources of visitor expenditures in 2005. Overnight visitor expenditure has risen significantly in the last two years, rebounding from the impact of SARS and other events on the tourism industry in 2003.

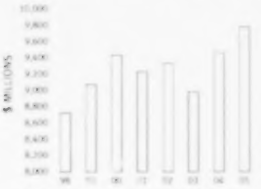
2005 Visitor Revenue to BC

TOTAL = $9.79 BILLION

0.8% Other Overseas
7.3% Europe
10.2% Asia/Pacific
24.7% United States & Mexico
29.1% Canada
27.9% British Columbia

DATA SOURCE: Tourism BC

Overnight Visitor Revenue to BC 1998 – 2005



DATA SOURCE: Tourism BC (see appendix 1)

VISITATION

British Columbia hosted approximately 22.9 million overnight visits in 2005. An overnight visit is a trip of one or more nights in British Columbia (as defined by the World Tourism Organization and Statistics Canada). British Columbian residents were responsible for 49.9% of all overnight trips in 2005, as the typical resident took several overnight trips during the year. Overnight visitor volume has increased in the last two years, reflecting a rebound from the impact of SARS and other events in 2003, and an increased propensity to travel in key markets.

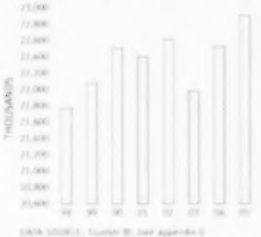
2005 Overnight Visitor Volume to BC

TOTAL = 22.9 MILLION

0.6% Other Overseas
2.9% Europe
3.8% Asia/Pacific
21.5% United States & Mexico
21.3% Canada
49.9% British Columbia

DATA SOURCE: Tourism BC

Overnight Visitor Volume to BC 1998 – 2005



DATA SOURCE: Tourism BC (see appendix 1)

ACCOMMODATION REVENUE

Room revenue measures expenditure on overnight accommodations by travellers in properties subject to British Columbia's hotel room tax. Since this accounts for more than 50% of overnight visitor nights, room revenue is a key indicator of industry performance. Regional room revenue is a key indicator of dispersal of visitors across British Columbia's tourism regions.

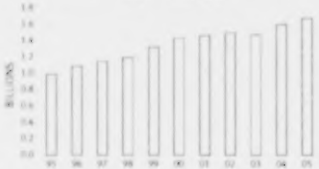
The Vancouver, Coast & Mountain region (including Greater Vancouver and Whistler) accounted for approximately 54% of accommodation room revenue in BC during 2005, while Vancouver Island accounted for 18% and other regions in BC slightly more than 28%. Accommodation room revenue in BC has grown 69% since 1995 (6.1% in 2005), reflecting growth in overnight visitor volume, increases in room rates and a slight shift from other forms of accommodation to fixed roof accommodation.

2005 Room Revenue by Tourism Region
TOTAL = $1.7 BILLION

1.4% Cariboo Chilcotin Coast
7.2% Northern BC
6.3% Kootney Rockies
13.4% Thompson Okanagan
18.0% Vancouver Island
53.7% Vancouver, Coast & Mountains

DATA SOURCE: BC Stats

Annual Accommodation Room Revenue 1995 – 2005 ($)



DATA SOURCE: BC Stats

EMPLOYMENT

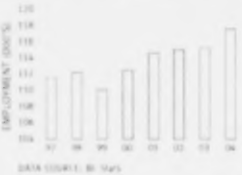
Expenditures by visitors created 117,900 full time and part time jobs in British Columbia in 2004; one out of every fourteen jobs in the province. Since visitors experience a variety of goods and services employment is created in many sectors of the economy. In 2004, over 70% of the jobs attributable to tourism were created in two sectors: Accommodation & Food Services and Transportation & Related Services. Tourism employment has grown more slowly than expenditures since 1997, suggesting gains in productivity.

2004 Tourism Employment by Industry Sector
TOTAL = 117,900

9.7% Other
24.6% Transportation & Related Services
17.6% Retail
48.2% Accommodation & Food Services

DATA SOURCE: BC Stats, Statistics Canada (Survey of Employment, Payroll and Hours)

Tourism Employment 1997 – 2004

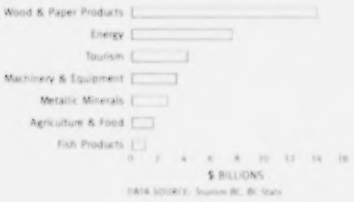


DATA SOURCE: BC Stats

BRITISH COLUMBIA EXPORTS

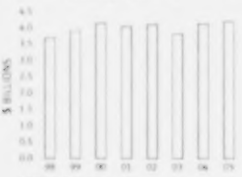
Exports are expenditures by non-residents of Canada on goods and services produced in British Columbia. Unlike most industrial sectors, tourism exports occur when BC origin goods and services are purchased by international visitors while in British Columbia, rather than in their home countries. Tourism is a significant export sector, third to Wood & Paper Products and Energy in 2005. Tourism exports increased in 2005 as an increase in expenditures by visitors from overseas countries offset a decline in expenditures by American visitors.

2005 BC Exports (Current $ Billions)



DATA SOURCE: Tourism BC, BC Stats

Total Tourism Exports 1998 – 2005 (Current $ Billions)



DATA SOURCE: Tourism BC

As outlined in Tourism British Columbia's 2005 – 2015 Tourism Strategic Framework, the organization implements programs that work towards achieving two long-term outcomes:

- Doubling provincial tourism revenues by 2015.
- Maximizing the long-term tourism benefits of the Vancouver 2010 Olympic and Paralympic Winter Games for all of British Columbia.

To accomplish these outcomes, Tourism BC has identified four primary goals:

1. Increase provincial tourism revenues by attracting visitors from "volume" markets (British Columbia, Alberta, Washington) and "high-yield" markets (long haul North America, Asia/Pacific, Europe).
2. Optimize the BC visitors' experience through enhanced customer service.
3. Improve tourism market readiness of new and emerging tourism sectors and products.
4. Create a positive corporate culture within an efficient and effective organization.

$50 MILLION INVESTMENT: YEAR ONE

In prioritizing those activities that would contribute most significantly to achieving an overall goal of doubling tourism revenue by 2015, Tourism BC initiated programs that addressed both the demand and supply side of marketing.

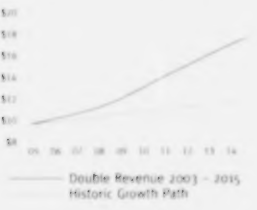
Demand side
Tourism BC expanded activities geared to maximizing market penetration in programs such as: BC Escapes®, HelloBC.com, Tourism Partners, British Columbia Magazine®, Canada's West Marketplace®, Travel Trade and Media Relations. In addition, several new programs were launched such as Partners Plus, City Stays, Meetings BC and Experiences BC.

Supply side
Several programs were developed to build up export ready capacity across sectors and across the tourism regions of the province. New programs and partnerships included Sport Tourism Development, an Aboriginal Tourism Strategy and Community Tourism Foundations®. Expanded programs included 1-800 HELLO BC®, Tourism Product Management, Visitor Servicing, SuperHost®, Tourism Business Essentials®, Accommodation Quality Assurance and Research.

PROJECTED RATES OF GROWTH

Tourism BC is projecting the following rates of growth to achieve the goal of doubling tourism revenues:

BC Tourism Industry Revenue Growth Target
The 10 Years of 2010: 2005 – 2015 ($ B)



GOAL 1:

Increase provincial tourism revenues by attracting visitors from both "volume" markets (British Columbia, Alberta, Washington) and "high-yield" markets (long haul North America, Asia/Pacific, Europe).

Goal 1 is the focus of the Marketing division. Consumer-driven strategies target key geographic markets to increase demand for British Columbia as a preferred travel destination. Strategies focus on building awareness, interest, purchase and repeat purchase. Spending emphasis is focused on two key revenue generating markets. First, those in close proximity to British Columbia, including British Columbia, which produce high volume but lower daily expenditures and have high repeat potential. The second type of markets are those further away (long haul Canada, US and overseas) which deliver visitors that tend to stay longer and spend more on a daily basis. By balancing efforts against repeat visitation from closer in markets and higher yield longer haul markets, growth in tourism revenue will be optimized.

The key programs and investment included:

Marketing – North America

Short Stay/Getaway Campaigns ($6 million invested)
This investment saw an expansion of getaway business to BC from near-in markets (BC, Washington, Alberta and California) through the BC Escapes® program, which is partnered with over 200 accommodation properties. The addition of incremental resources enabled the BC Escapes campaign to achieve new levels of success this year, delivering over $85 million in direct tourism revenues to the province – an all time high 13:2 return on investment. In November 2005, Tourism BC was recognized for this campaign with Gold Awards from the Canadian Marketing Association in three categories: *Leisure/Travel Products and Services, Direct Response – DRTV and Customer Management – Customer Service Programs*. The BC Escapes campaign was also recognized with a Merit Award in the Direct Response-Direct Mail category.

Long Stay Touring ($1 million)
Tourism BC created a long stay touring campaign and participated in other co-operative efforts to deliver tourism business, such as Tourism North.

Consumer Publications and Listings ($1.3 million)
Travel to BC was promoted through development and distribution of publications and promoting visitation to the Tourism BC website. Revenue targets were exceeded for online and print listings, with over 2,900 accommodation operators reaching qualified consumers through publications and websites.

City Stays ($1.2 million)
A new application-based, city specific, co-op marketing program was introduced with partners at Tourism Vancouver, Victoria and Whistler that capitalized on unique city stay opportunities.

Media Relations ($0.8 million)
By focusing on targeted media initiatives with key media outside BC, an advertising equivalency of greater than $100 million was achieved. In addition, Tourism BC provided staff support for the provincial presence at BC-Canada Place in Torino, as well as producing new B-roll film footage that was distributed to key media outlets from around the world.

Meetings BC ($0.8 million)
An application-based marketing program was created to further promote meetings and conventions markets in Vancouver, Victoria, Whistler, Penticton, Prince George and Kelowna.

Online Programs ($1.0 million)
A redesigned consumer website, HelloBC.com, was re-launched. Increasingly the website is the most effective tool for connecting consumers with BC tourism products and information. An important undertaking was to enhance search engine optimization and marketing initiatives, which resulted in unique visits to HelloBC.com increasing year over year from 0.9 million in 2004 to 2.7 million in 2005.

Sector Marketing ($1.5 million)
The addition of new funds enabled expansion of key sector advertising programs (ski, golf, fish) and introduced application programs for emerging sectors (spa, cruise, gardens, cuisine, wine and guest ranches among others). Notable was the development of a consumer-direct ski campaign in which consumer inquiries were utilized to further develop a qualified database of potential travellers.

Trade Education and Co-op Marketing ($0.6 million)
BC's position with the travel trade was maintained through education, co-operative marketing and sales activities. Some incremental funds were applied to Mexico and other new initiatives with ski-focused tour operators, city destination marketing organizations and 12 key accounts throughout Canada, US and Mexico. Tourism BC delivered 28 trade co-op marketing programs and achieved a 50% share of tour operator Canadian listings.

Marketing – Europe

Travel Trade ($1.0 million)
BC's position with key tour operators in the UK, Germany and Netherlands was increased through educational programs, co-operative marketing campaigns, familiarization tours and sales calls. Tourism BC delivered 74 trade co-op marketing programs and achieved a 45% share of tour operator Canadian listings. For example, the Canada's West Marketplace® tradeshow hosted 40 new buyers representing the highest buyer attendance and delegation in its 18-year history. The tradeshow also welcomed more than 30 first-time sellers, who participated in over 25,000 pre-scheduled meetings, a record for the event. Established in 1989, the Canada's West Marketplace® tradeshow is a partnership between Tourism British Columbia and Travel Alberta and is an annual forum for promoting Western Canada tourism products to international tour operators, wholesalers and travel trade media.

Media Relations ($0.2 million)
Advertising equivalency of $12 million was achieved through additional and larger targeted media initiatives with key European media.

Marketing – Asia/Pacific

Consumer Advertising & Promotions ($0.4 million)
A new Japanese direct marketing campaign was initiated to consumers utilizing online channels. In addition, a monthly e-newsletter was distributed to over 4,000 subscribers.

Media Relations ($0.4 million)
An advertising equivalency of $31 million was achieved through additional and larger targeted media initiatives with key Asia/Pacific media to obtain unpaid coverage of BC products and to address 2010 opportunities.

Travel Trade ($1.2 million)
BC's position with key tour operators in Japan, Taiwan, Korea and Australia was increased through educational programs, co-operative marketing campaigns, familiarization tours and sales calls. Tourism BC delivered 56 trade co-op marketing programs and achieved a 69% share of tour operator Canadian listings.

South Korea
To capitalize on this growing market, Tourism BC contracted in-market representation for the first time to further develop trade and media relations programs in conjunction with the local Canadian Tourism Commission office (CTC).

China
Tourism BC worked closely with in-market CTC representatives to identify and develop relationships with key travel trade and media and begin their education process prior to being granted Approved Destination Status (ADS). Key activities included participation in Chinese trade shows and familiarization tours. Twelve tour operators registered for the Canada's West Marketplace tradeshow, and numerous media were hosted including the final episodes of *Survivor Challenge*, a very popular Chinese reality television show.

GOAL 2:

Optimize the BC visitors' experience through enhanced customer service.

Goal 2 is the primary focus of the Visitor Services division. The quality of a visitor's vacation experience while in British Columbia is critical to the ongoing success of the tourism industry. In the long term, British Columbia's tourism industry must continue to grow its reputation as a provider of high quality services and products. Tourism BC's strategies under this goal are designed to ensure that visitors have access to the information required to make informed purchasing decisions, to continue to enhance standards of tourist accommodation, facilities, service and amenities, and to enhance professionalism in the tourism industry.

Key programs and investment included:

Visitor Servicing ($3.8 million)
Five provincial gateways and 110+ Visitor Centre locations province-wide saw a record 3.4 million visitors receive travel assistance including information and tools to purchase BC product. Currently, over 13,000 tourism businesses have information available in these centres. To further support the productivity of each Visitor Centre location, funding for the Visitor Centre Network was doubled in 2005/06.

Industry Human Resources Development ($1.0 million)
Addressing the critical skill shortage facing the tourism sector, financial support was provided to go2 – The resource for people in Tourism, the Centre for Leadership and Innovation in Tourism at Capilano College and the Centre for Leadership and Innovation in Hospitality at Vancouver Community College to continue implementation of the provincial tourism human resource development plan.

Marketing Technology Infrastructure ($2.5 million)
Tourism BC developed and implemented a new product supplier self-service registration system and a travel information management system to provide current information to Tourism BC's publications, websites, call centre and Visitor Centre locations.

Call Centre Reservation and Information System ($2.1 million)
Through Tourism BC's consumer points of contact, including the 1-800 HELLO BC® call centre, Visitor Centre locations and HelloBC.com, 60,000 reservations were made for BC tourism businesses.

Tourism Product Management ($1.0 million)
A record 2,978 tourism suppliers were registered for Tourism BC marketing programs and 1,742 accommodation inspections were conducted (including Canada Select grading) to ensure high quality standards for consumers.

Training Services ($0.4 million)
15,281 participants completed SuperHost® training programs and revenue targets were exceeded by 5%. There was a decline in numbers from the previous year due to lack of participants in pre-employment training programs and the overall labour shortage.

GOAL 3:

Improve tourism market readiness of new and emerging tourism sectors/products.

Goal 3 is supported by the Business Development division. Strategies under this goal are intended to improve the ability of existing and new tourism operators to access information and services that will help them grow their business by identifying opportunities, acting on them and continuing to innovate. Successfully implemented, these strategies will create the conditions needed to ensure the tourism industry is forward-looking and responsive to tourism market demands.

Key programs and investment included:

Tourism Partners ($5.5 million)
An on-going program that supports regional destination marketing organizations (DMOs) through sector-focused marketing activities such as advertising, publications, consumer and trade shows. Through all aspects of Tourism Partners activities, over 1,200 businesses participated in 2005/06.

Partner's Plus ($0.5 million)
This program builds on the success of Tourism Partners by providing the opportunity for regions to access funds geared towards specific long haul activities, such as consumer advertising, trade shows and media relations events. This is managed through the six regional DMOs.

Aboriginal Tourism ($0.2 million)
Working with the Aboriginal Tourism Association of British Columbia, Tourism BC assisted with the development of the *Aboriginal Tourism Blueprint Strategy*, a historic document that is intended to grow the Aboriginal tourism opportunity throughout the province.

Community Co-operative Marketing ($0.5 million)
Tourism BC oversaw the development of new and expanded community-focused marketing programs that further built on the existing Tourism Partners community programs. Funding partners included all six regional DMOs, individual communities, chambers and the UBCM. As part of the Community Tourism Foundations® marketing program, applications were received from the following 12 communities:

- 100 Mile House
- Abbotsford
- Chilliwack
- Comox
- Coquitlam
- Mission
- Nanaimo
- Pemberton
- Port Moody
- Powell River
- Surrey
- Williams Lake

Community Tourism Foundations® Development ($0.5 million)
Tourism BC launched the Community Tourism Foundations® program to assist communities in developing local tourism strategies and increase overall participation in tourism marketing. For 2005/06, 52 development applications were received from communities in BC. Twenty of the development submissions were selected as the inaugural participants for the Community Tourism Foundations program. Communities were assigned a facilitator who assists the community working group with examining their tourism activities, conducting a situation analysis, developing a research-based tourism plan and participating in co-operative marketing initiatives. Development communities include:

- Bowen Island
- White Rock
- Langley
- Harrison Hot Springs
- Agassiz
- Squamish
- Sunshine Coast
- Quadra Island
- Oceanside (Parksville/ Qualicum Beach area)
- McBride
- Rossland
- Nelson
- Creston
- Golden
- Revelstoke
- Radium Hot Springs/ Fairmont Hot Springs
- Invermere
- Elkford
- Barriere
- Clearwater

Experiences BC ($0.6 million)
Tourism BC began the process of facilitating the development of provincial product sectors through planning, training and market readiness programs. For 2005/06, seven product sectors began the strategic process: Aboriginal Tourism (export ready products), BC Lodging and Campgrounds Association, River Experiences, Scuba Diving, Cycling, Cuisine and Agri-tourism.

Market Research ($1.1 million)
Research is conducted to support Tourism British Columbia's program planning and evaluation, tourism industry tracking and performance, and to produce estimates of visitor volume and revenue. New research included Aboriginal Tourism, Value of a Visitor Centre, Tourism Regions research, research supporting the Community Tourism Foundations® and Experiences BC programs.

British Columbia Magazine® ($0.2 million)
In its 46th year, British Columbia Magazine provides awareness of the province, through spectacular photography and well written stories on people, places and journeys to over 120,000 subscribers in 120 countries around the world. In 2005, British Columbia Magazine became the second most-read magazine in British Columbia, behind Reader's Digest. The magazine won 6 editorial awards at the International Regional Magazine Awards. Advertising sales were up 30% and newsstand sales up 7% over 2004.

Sport Tourism ($0.2 million)
A community sport tourism program was developed in partnership with 2010 Legacies Now which incorporates the activities of the Canadian Sport Tourism Alliance. In 2005, Tourism BC delivered 13 Community Sport Tourism workshops throughout the province. The first annual Sport Tourism Community Legacy Award, created as part of this program, was awarded to Sport Kelowna at the BC Tourism Awards. In partnership with the Ministry of Tourism, Sport and the Arts, Tourism BC co-hosted the 2nd Annual BC Sport Tourism Events Marketplace where 26 communities met with Provincial Sport Organizations in a tradeshow format. Also in partnership with the Ministry of Tourism, Sport and the Arts, the online database *BC Sport Event Hosting & Resort Guide* was launched by Minister Ilich at BC Canada Place in Torino.

Tourism Business Essentials® ($0.1 million)
As part of Tourism BC's commitment to growing tourism throughout the province, the Tourism Business Essentials series of eight guides and four corresponding workshops help tourism operators develop stronger skills and knowledge for building successful businesses.

30 workshops were hosted in each of the six tourism regions of the province:

- 6 Travel Media Relations (Clearwater, Invermere, Whistler, Fernie, Penticton (TIC), Campbell River);
- 5 Tourism Packaging & Product Distribution (Clearwater, Prince George, Golden, Penticton (TIC), Vancouver);
- 6 Ads & Brochures that Sell (Anahim Lake, Prince George, Penticton (TIC), Clearwater, Campbell River, Vanderhoof);
- 13 Sport Tourism (Nanaimo, Fernie/Sparwood/Elkford), Smithers, Surrey, Prince Rupert, Penticton, Vanderhoof, Burnaby, Revelstoke, Logan Lake, Dawson Creek, Fort St. John, Clearwater).

Guide titles include: Travel Media Relations, Tourism Packaging & Product Distribution, Ads & Brochures that Sell, Sport Tourism, Internet Marketing, Hospitality Law, Environmentally Responsible Tourism and Starting a Tourism Business.

GOAL 4:

Create a positive corporate culture within an efficient and effective organization.

Goal 4 is supported by the Corporate Services and Human Resource Development divisions. Strategies supporting this goal contribute to Tourism British Columbia's performance by continuing to strengthen the qualities that make it a highly effective organization.

Key strategies:

- Conduct survey of Tourism British Columbia stakeholders to evaluate effectiveness of programs.
- Leverage Tourism British Columbia funding with partners to maximize purchasing power and exposure of tourism product.
- Keep administration costs below those of comparable organizations.
- Continue to instill a values-based and productive corporate culture.

PERFORMANCE REPORT

Performance is reported against the measures and targets identified in the 2005/06 Service Plan Update; no significant changes were made to the Plan during 2005/06. However, some measures have been deleted or changed in the 2006/07 Service Plan in an effort to continually improve our performance measure reporting. Appendix 1 provides information on the rationale and data sources related to Tourism BC's performance measures.

Performance targets and results

Performance Measures	2003/4 actuals	2004/5 actuals	2005/6 target	2005/6 actuals	Comments	2006/7 Plan	2007/8 Plan
Industry Measures* Provincial tourism revenues from "volume" markets ($billions)	4.77	4.92	5.08	5.10	Target met.	**n/a	**n/a
Provincial tourism revenues from "high-yield" markets ($billions)	4.19	4.55	4.78	4.68	Target not met due to decline in US visitors (impact of exchange rate/gas prices) and underperformance of China (see below) and Japan.	n/a	n/a
Visitation – overnight customs entries US market (millions)	3.50	3.56	3.57	3.44	Target not met. As above, US market impacted by exchange rate/gas prices.	n/a	n/a
Visitation – overnight customs entries overseas markets (millions)	1.17	1.44	1.49	1.45	Target not met. Decline due to delay in Approved Destination Status with China, and declines from Japan and Taiwan due to lack of air access.	n/a	n/a
China Growth – anticipated visitation (thousands)	59.5	74.4	100.0	77.7	Target not met. Decline due to delay in Approved Destination Status with China	n/a	n/a
Corporate Measures*** Direct tourism revenues generated from BC Escapes® program ($millions)	51	51.5	72	85.9	Target exceeded due to more effective TV advertising campaigns. This measure will be discontinued in future years and replaced by the next measure.	n/a	n/a
Return on investment, BC Escapes® (tourism revenues per $ invested)	11.8	12.5	12.0	13.2	Target exceeded as per above. Budget of $6.5 million yielded $85.9 million in direct tourism revenues generated.	12.0	12.0
Number of consumer travel guides distributed through Tourism Partners Program (thousands)	920	905	950	915	Target not met. This output measure will be replaced in subsequent years by an outcome measure developed through regional conversion studies.	n/a	n/a
Equivalent dollar value of unpaid editorial coverage worldwide ($millions)	156	126.5	180	143	Target not met. North America $100 million (may be higher; final numbers not in yet); Overseas $43 million.	190	200
Visitors served at Visitor Centres (millions)	3.10	3.27	3.38	3.40	Target exceeded despite decline in US market.	3.55	3.72

Performance targets and results

Performance Measures	2003/4 actuals	2004/5 actuals	2005/6 target	2005/6 actuals	Comments	2006/7 Plan	2007/8 Plan
Accommodation properties inspected	1,270	2,019	1,400	1,742	Target exceeded. Increase in property registrations due to number of properties registering in the Accommodation Listings Program. Plan is to inspect the 3,000 approved properties every 2 years.	1,500	1,500
Participants trained through SuperHost® training programs.	21,100	19,600	22,000	15,281	Target not met, but revenue target exceeded due to increase in customized corporate workshops. Decline in numbers due to lack of participants in pre-employment programs and overall labour shortage in the tourism industry.	23,000	24,000
Unique visitors to www.HelloBC.com (thousands)	733	878	900	2,675	Target exceeded due to new travel information site launched April 2005. 06/07 Plan set in Fall 2005 and will likely be revised upwards due to 05/06 actual results.	2,200	2,500
Number of product sectors assisted	n/a	n/a	6	7	Target exceeded. Sectors assisted: Aboriginal, Lodging and Campgrounds, River Experiences, Scuba Diving, Biking, Cuisine, Agri-tourism. New measure starting next year will be number of communities assisted.	20	20
Corporate program revenues ($thousands)	7,806	7,188	7,480	7,717	Target met after revising target from $7.9 million to exclude contributions from other organizations. British Columbia Magazine® and Accommodation Listings Program revenues exceeded targets.	7,700	7,850
Industry Stakeholder satisfaction survey of Tourism BC programs and services (5 out of 5 is satisfactory)	3.94	3.93	4.0	3.96	Target met. Corporation extremely satisfied with results. Target of 4.0 is a stretch target.	3.9	3.9
Cost of office space per employee	$9,972	$9,730	<$10,000	$9,937	Target met. Office space secured below market rates in both Vancouver and Victoria.	<$10,000	<$10,000
Support Services costs per employee	n/a	$22,126	$22,000	$22,535	Target not met. Costs still considerably below benchmark of National Tourism Organization ($40,700).	$22,000	$22,000
Employee absence rate per employee (days/yr)	4.9	5	<5	3	Target met. Benchmark is Provincial Government (8.3 days).	<5	<5
Employee turnover rate	2.7%	5.4%	<5%	7.7%	Target not met. Salary inequities in some positions making it difficult to retain some employees. Benchmark is Provincial Government (5.5%)	<5%	<5%

* Tourism BC has little influence over these measures due to a multitude of external factors that influence the measures.
** A new measure from the 06/07 Service Plan – annual % increase in provincial tourism revenues will replace the above measures as a more succinct summary measure of industry, and a more direct measure of Government's goal to double tourism revenues.
*** Corporate measures are, for the most part, within the direct control of the corporation

ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN

One of the provincial government's *"Golden Decade"* goals is to create more jobs per capita than anywhere else in Canada.

Tourism British Columbia's Board of Directors and staff are fully committed to fulfilling the corporation's part in doubling tourism revenues by 2015, a goal established by Premier Gordon Campbell as part of a broader government strategy to promote British Columbia as a great place in which to live, visit and invest. To achieve this, all aspects of the long-term tourism strategy that fall within the organization's mandate must be fully addressed. In particular, Tourism BC introduced a number of new and expanded programs that are targeted to increasing tourism through supply-side activities that help build export-ready capacity and demand-side programs that focus on priority markets.

Important aspects of the strategy are to continue to build the value of the Super, Natural British Columbia® brand worldwide and to further develop strong relationships within the BC tourism industry to ensure stakeholder support and ongoing input.

Recognizing that it is the provincial government's role to develop policies that support the competitiveness of the tourism industry, Tourism BC undertakes activities that support broader objectives of government while remaining entirely committed to its legislated mandate. As identified in the *Tourism British Columbia Act*, Tourism BC's purpose is to promote development and growth in the tourism industry, to increase revenues and employment throughout British Columbia, and to increase the economic benefits generated through tourism. While fulfilling this mandate, Tourism British Columbia provides support to, or works in partnership with, many areas of the provincial government and other related agencies in their efforts to contribute to the government's overall strategy. Some examples include:

- Ministry of Tourism, Sport and the Arts
  - Ministry Responsible
- Ministry of Economic Development
  - BC Olympic and Paralympic Winter Games Secretariat (including participation at BC Canada Place in Torino)
  - Support/participation for international trade missions
- Ministry of Agriculture
  - Agri-tourism development, including wine and culinary tourism
- Ministry of Transportation
  - Co-operate on key issues and opportunities associated with related Visitor Centre locations
  - Highway signage, including Circle Routes
- Resort Task Force
- Union of BC Municipalities
- Aboriginal Tourism Association of BC
- 2010 Legacies Now
- Community, regional and sector tourism associations

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations last five years, and comparison to 2005/06 plan:

$000s	01/02	02/03	03/04	04/05	05/06	05/06 plan
Hotel room tax	23,720	24,511	24,200	26,015	27,565	26,700
Program and other income	11,345	8,151	8,012	7,298	8,121	8,080
Grants and contributions		2,000	750	12,025	22,834	23,300
Total revenue	**35,065**	**34,662**	**32,962**	**45,338**	**58,520**	**58,080**
Marketing	12,540	14,317	17,413	13,810	25,973	27,255
Visitor services	11,252	11,710	12,587	11,070	15,131	13,765
Business development	5,158	5,075	3,868	3,613	9,956	10,810
Support services	2,571	2,879	2,395	2,529	2,285	2,455
Amortization	783	490	312	1,289	1,556	3,225
Grants to regional marketing orgs			–	12,000	2,026	–
Write-down of intangible asset	4,000	–	–	1,008	570	570
Total expenses	**36,304**	**34,471**	**36,575**	**45,319**	**57,497**	**58,080**
Net revenue (expenses)	**(1,239)**	**191**	**(3,613)**	**19**	**1,023**	**–**
Closing net equity	7,499	7,618	4,005	4,024	5,047	4,024
Equity invested in capital assets	1,012	748	2,897	6,379	4,310	9,000
Full-time equivalents	108	105	108	111	127	122

Assessment of results of operations and changes in financial conditions
Due to the significant increase in budget for 2005/06, comparison against the previous year will not be meaningful (unless specifically stated). Comparisons are made against budget.

Revenue
Despite a decline in overnight custom entries from the US (down 3.4%), Asia/Pacific was up 2.1% and Europe 8.1%. However, it was the domestic market that was the primary driver of a gain in hotel room tax revenue of 6.0% over last fiscal year. As a result of better than anticipated hotel room tax growth, the grant from the Ministry of Tourism, Sport and the Arts (to top up Tourism BC's funding to $50 million) was only $22.4 million compared to a budget of $23.3 million.

Program and other revenue was up slightly from plan. The increase over plan was primarily a result of an increase in both British Columbia Magazine® and the Accommodation Listings Program revenues.

Expenses
The Marketing division spending was 5% less than plan due to some new or expanded programs being partially deferred until 2006/07. This included the City Stays and Experiences BC programs.

Visitor Services spending was 10% over budget primarily due to Human Resource Development grants being issued in March instead of April 2006. Government does not permit Tourism BC to deficit spend in any one year, so using the 2005/06 surplus to fund these grants (budgeted in 2006/07) provided some necessary budget room in 2006/07 to help fund programs deferred from 2005/06.

Business Development spending was under budget by 8% but over budget by 11% when you include grants to regional marketing organizations. Similarly to Visitor Services, these grants were issued in 2005/06 from 2006/07 budgeted funds to allow budget room for programs deferred from 2005/06. If the organization was not to do this, funding cuts to critical tourism programs such as the regional Tourism Partners Program, would have to be made to avoid deficit spending. As it is, Tourism BC's net revenue of over $1.0 million increases the corporation's equity, but these surplus funds are not available under Government's direction of no deficit spending.

Support services, which include Corporate Services, Human Resource Development, CEO's office and board expenses were lower than budget by 7% due to the reallocation of some program costs directly attributable to programs. In addition, the corporation is committed to allocating the majority of its resources towards direct tourism programs.

Amortization costs were considerably lower than plan due to timing delays in capital projects, particularly the destination management system (DMS) and the Visitor Centres. Many of the budgeted costs associated with the Visitor Centres in Osoyoos, Peace Arch and Merritt have been deferred into 2006/07.

The corporation's Full-Time Equivalents count was 5 more than plan due to converting positions in Business Development from either auxiliary or contract. At time of planning, it was not known if these resources were required on an ongoing basis for some new activities and programs. The Board subsequently approved these positions be made permanent when their long-term need was determined.

Risks, Uncertainties and Future Outlook

Tourism BC's primary goal is to double tourism revenues by 2015. Tourism BC recognizes that there are many variables in attaining this goal that are outside Tourism BC's control. The overall health of the economy, gas prices, border security issues, exchange rates, air access and cost, Approved Destination Status with China, terrorism and flu pandemics are just some examples. However, Tourism BC believes that the marketing opportunities created by the Vancouver 2010 Olympic and Paralympic Winter Games, make this an attainable goal.

Tourism BC's annual funding, comprised of its 1.65 points of the hotel room tax and a grant from the Ministry of Tourism, Sport and the Arts, is $50 million. These new resources have an immediate impact on British Columbia's ability to compete with other jurisdictions. In previous years, the corporation was subject to the risk of hotel room tax revenues being less than forecast. This risk is eliminated with the grant from the Ministry, which will fix Tourism BC's funding at $50 million. The corporation faces a risk that inflationary pressures will erode the fixed funding of $50 million. Consequently, the corporation is seeking to have its funding formula changed to 3% of the hotel room tax beginning in 2008/09, which would raise Tourism BC funding back to its original performance based model. At current forecasts, 2008/09 funding would equate to $55 million.

Tourism British Columbia's Financial Forecast (from the 2006/07 Service Plan)

	2006/07 Forecast	2007/08 Forecast	2008/09 Forecast
REVENUE			
Provincial Government			
Forecast % increase in Hotel room tax revenue	5.7%	4.4%	4.9%
Hotel room tax (note 1)	$ 29,500	$ 30,800	$ 32,300
Provincial Government grant (note 2)	20,500	19,200	17,700
	50,000	**50,000**	**50,000**
Corporate			
Program and Other	8,095	8,475	8,590
EXPENSES			
Marketing	26,625	27,250	27,250
Visitor services	14,370	14,495	14,495
Industry development	11,130	10,810	11,710
Support services	2,570	2,555	2,555
Amortization	3,400	3,365	2,580
	58,095	**58,475**	**58,590**
NET OPERATING REVENUE	–	–	–
Accumulated surplus, ending	5,404	5,404	5,404
Capital investment – Tourism BC funded			
Marketing technology	4,416	2,745	1,220
Other (note 3)	2,085	205	605
sub-total	6,501	2,950	1,825
Capital investment – Province funded (note 4)			
Osoyoos Gateway Centre	1,975	–	–
Peace Arch Gateway Centre	2,900	–	–
Merritt Gateway Centre	2,900	–	–
sub-total	7,775	–	–
Total capital investment	**14,276**	**2,950**	**1,825**

Key Assumptions and Risks

Note 1 As directed by the Ministry of Finance, it is assumed that hotel room tax will grow at the same rate as the BC Nominal GDP forecast.

Note 2 Tourism BC's annual funding is a fixed $50 million, sourced from 1.65 points of the 8% hotel room tax and through an annual operating grant from a voted appropriation from the Ministry of Tourism, Sport and the Arts. The risk of a decline in hotel room tax would be offset by an increase to the Ministry grant in order to maintain total funding of $50 million.

Note 3 Other capital includes Tourism BC investment in a new Visitor Centre at Peace Arch, Rails to Trails, furniture and equipment and leasehold improvements.

Note 4 The Province granted $2 million to Tourism BC in 2004/05 for the construction of a Visitor Centre in Osoyoos. The Province has also committed to grant a total of $3 million each for the construction of two new Visitor Centre locations at Peace Arch and Merritt ($.1 million each provided in 2005/06 and $2.9 million each committed to in 2006/07).

(FOR THE YEAR ENDED MARCH 31, 2006)

MANAGEMENT'S REPORT

The financial statements of Tourism British Columbia for the year ended March 31, 2006, have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements present fairly the financial position of Tourism British Columbia as at March 31, 2006, and the results of operations and changes in cash flows for the year then ended.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Board of Directors carries out its responsibility for the review of the financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board, with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements of Tourism British Columbia. The Auditor's Report outlines the scope of the examination and expresses an opinion on the statements of Tourism British Columbia.

Rod Harris
President and Chief Executive Officer
Tourism British Columbia

Len Dawes, CA
Chief Financial Officer
Tourism British Columbia

May 24, 2006

REPORT OF THE OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA

To the Members of the Board of Directors of
Tourism British Columbia, and
To the Minister of Tourism, Sport and the Arts
Province of British Columbia:

We have audited the statement of financial position of *Tourism British Columbia* as at March 31, 2006, and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform and audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of *Tourism British Columbia* as at March 31, 2006, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Errol S. Price, CA
Deputy Auditor General

Victoria, British Columbia
May 24, 2006

STATEMENT OF FINANCIAL POSITION

(in $000s) March 31,	2006	2005
ASSETS		
Current assets		
Cash (Note 16)	15,498	5,079
Receivables		
Province of British Columbia	2,488	2,381
Program	1,113	2,937
Inventories	101	139
Prepaid	2,068	1,487
	21,268	**11,973**
Loans receivable (Note 5)	110	110
Intangible asset (Note 7)	277	928
Property, plant and equipment (Note 6)	5,570	6,021
	27,225	**19,032**
LIABILITIES AND EQUITY		
Current liabilities		
Payables and accruals		
Province of British Columbia	445	289
Program	14,115	6,583
Current portion of long term liabilities (Note 8)	81	74
Deferred revenue	2,664	2,666
Deferred contributions (Note 11)	334	1,178
	17,639	**10,790**
Long term liabilities (Note 8)	1,079	958
	18,718	**11,748**
Equity		
Net assets	5,047	4,024
Contributed surplus (Note 15)	2,200	2,000
Contributed land (Note 10)	1,260	1,260
	8,507	**7,284**
	27,225	**19,032**

Commitments (Note 9)

Approved on behalf of the Board:

Board Chair

Director

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS AND NET ASSETS

($000's) Year ended March 31,	2006	2005
REVENUES		
Hotel room tax	$ 27,565	$ 26,015
Grants and contributions (note 13)	22,834	12,025
Program revenue (note 3)	7,717	7,188
Investment and miscellaneous income	404	110
	58,520	**45,338**
EXPENSES		
Marketing	25,973	13,810
Visitor services	15,131	11,070
Business development	9,956	3,613
Support services	2,285	2,579
Amortization	1,556	1,289
Grants to regional marketing organizations (note 14)	2,026	12,000
Write down of intangible asset (note 7)	570	1,008
	57,497	**45,319**
NET REVENUE	1,023	19
NET ASSETS, BEGINNING OF YEAR	4,024	4,005
NET ASSETS, END OF YEAR	**5,047**	**4,024**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

($000's) Year ended March 31	2006	2005
OPERATING ACTIVITIES		
Net revenue	$ 1,023	$ 19
Change in working capital		
Receivables	1,717	(359)
Inventories	38	(2)
Prepaid expenses	(581)	(1,069)
Payables and accruals	7,695	460
Deferred revenue	(2)	480
Deferred contributions	(844)	1,178
	8,023	**688**
Items not involving cash		
Amortization	1,556	1,289
Write down of intangible asset	570	1,008
Cash flows from operating activities	11,172	3,004
INVESTING ACTIVITIES		
Additions to capital assets, net	(1,024)	(3,511)
Cash flows used in investing activities	(1,024)	(3,511)
FINANCING ACTIVITIES		
Deferred capital contributions	200	2,000
Long term liabilities	121	429
Cash flows from financing activities	321	2,429
NET INCREASE IN CASH	10,469	1,922
CASH BEGINNING OF YEAR	5,029	3,107
CASH END OF YEAR	**15,498**	**5,029**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Authority and purpose
Tourism British Columbia (the Corporation) is a provincial Crown corporation established by the *Tourism British Columbia Act* on June 27, 1997. The purpose of the Corporation is to promote development and growth in the tourism industry, to increase revenue and employment in the industry throughout British Columbia and to increase the economic benefits generated by the industry.
Under the *Tourism British Columbia Act*, Tourism British Columbia is entitled to the net revenue collected under section 3.1 of the *Hotel Room Tax Act*.
The Corporation is exempt from federal and provincial income taxes and from the federal goods and services tax.

2. Significant accounting policies
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(a) Basis of Consolidation
In 2004/05, the financial statements were consolidated to include the accounts of the Corporation and its wholly owned subsidiary 595195 BC Ltd. (British Columbia Magazine). The subsidiary was wound up in August 2005 and the Magazine is now a program within the Business Development Division.

(b) Revenue recognition
Hotel room tax revenue is recognized in the period that consumers are charged the tax on their accommodation by the provincial government.
Program revenues are recognized in the period services are rendered.
Subscription revenues in the British Columbia Magazine operations are deferred and recognized as the magazine is published.
Contributed surplus is amortized to revenue over the expected life of the buildings which they fund.

(c) Intangible assets
Trademarks are amortized over their estimated useful life.
The British Columbia Magazine subscribers list is reviewed each year by management and written down to reflect any impairment in value.

(d) Inventories
Inventories held for resale are valued at the lower of cost and net realizable value.
Supplies inventories are valued at cost.

(e) Related parties
Tourism British Columbia is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amounts.

(f) Property, plant and equipment
Property, plant and equipment are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Estimated useful lives are as follows:

Buildings	40 years
Computer equipment	3 years
Destination management system	3 years
Furniture and equipment	5 years
Leasehold improvements	Term of lease
Trademarks	10 years
Trail improvements	10 years
Vehicles	5 years

Assets costing less than $500 are expensed in the year of purchase.

(g) Foreign currency translation
Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the balance sheet date.

(h) Construction-in-progress
Assets under construction are recorded at cost and include direct costs during development and construction. At the point in time when these assets are completed, these costs will be amortized over their estimated useful lives.

(i) Measurement uncertainty
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the revenues and other expenditures during the period. Actual results could differ from these estimates.

3. Program revenue

	2006	2005
British Columbia Magazine	2,365	2,386
Listings and display ads	2,154	1,682
Commission and sign up fees	2,359	2,289
Training services	308	296
Merchandise sales and royalties	240	242
Quality assurance program	189	187
Miscellaneous	102	106
	7,717	**7,188**

4. Financial instruments
The Corporation's financial instruments consist of cash held in its various bank accounts, accounts and loan receivables, accounts payable and long-term liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments.

5. Loans receivable
Tourism British Columbia has extended two loans totaling $110,000 to Adventure Management Ltd., the contracted service provider that operates the Coquihalla and Mt. Robson Visitor Centres on behalf of Tourism British Columbia. The purpose of these loans is to support the implementation of a royalty model for merchandise sales at the Visitor Centres by providing financing for the purchase of inventory for resale. Interest on these loans is currently calculated at 5% per annum, payable monthly, with the principal due upon termination of the contract.

6. Property, plant and equipment

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Contributed land (Note 10)	1,260	–	1,260	1,260
Assets under construction				
Peace Arch Visitor Centre	187	–	187	132
Merritt Visitor Centre	10	–	10	–
Osoyoos Visitor Centre	5	–	5	–
Reservation System (DMS)	138	–	138	81
	340	**–**	**340**	**213**
Destination management system (DMS)	5,730	2,902	2,828	3,580
Computer equipment	1,440	1,386	54	63
Trail improvements	553	29	524	553
Furniture and equipment	893	564	329	134
Leasehold improvements	609	405	204	199
Vehicles	65	34	31	19
	9,290	**5,320**	**3,970**	**4,548**
	10,890	**5,320**	**5,570**	**6,021**

7. Intangible assets

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Registered trademarks	447	170	277	358
British Columbia Magazine subscriber list			–	570
			277	**928**

The estimated fair value of the British Columbia Magazine subscriber list acquired in 2001 has been written down to $0 (2004/05: $570,461) based on management's estimates at March 31, 2006.

8. Long term liabilities

	2006	2005
Employee leave liability	429	384
Less: Current portion	(81)	(74)
	348	**310**
Amount held back for the destination management system	477	428
Employee future post retirement benefits	254	220
	1,079	**958**

9. Commitments

The future remaining commitments are:

	Office leases	Contractual obligations	Total
2006/7	1,149	25,600	26,749
2007/8	1,173	12,400	13,573
2008/9	903	13,500	14,403
2009/10	934	9,000	9,934
2010/11 and beyond	3,685	12,000	15,685
	7,844	**72,500**	**80,344**

10. Contributed land

In May 2004, Trans Canada Trail Foundation donated land parcels of former rail trails to Tourism British Columbia with an estimated fair market value (FMV) of $14,260,842 (land $6,903,682; improvements $7,357,160). The estimated FMV was based on a property evaluation that was performed in 1997 for the Trans Canada Trail Foundation. This land has been recorded at $1,259,800 on the balance sheet based on the property assessments at the time of transfer. Management believes this more accurately reflects the value of the donated land.

11. Trail improvements

On May 15, 2004, Tourism British Columbia signed a contribution agreement with the Community Futures Development Corporation (CFDC) under the Softwood Industry Community Economic Adjustment Initiative (SICEAI), a federal government program aimed at "offering sustainable and tangible economic benefits" to communities impacted by the softwood lumber dispute with the United States. Under the terms of the agreement, CFDC will match funding towards "Rails to Trails infrastructure improvements" up to a maximum of $2.1 million. The trails eligible under the agreement include both Tourism British Columbia and other Crown land. Tourism British Columbia has recorded its contribution of $552,800 as trail improvements, and unspent contributions from regional districts of $334,459 as a deferred contribution, pending completion of the trail improvements.

12. Employee benefit plans

Employee future pension benefits

Tourism British Columbia and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees whom the Act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's

unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2005) has determined the Plan has an unfunded liability. As a result, the actuary has determined that an increase in contribution rates of 1.88% each, for plan members and employers, is necessary in order for the Plan to maintain its long-term financial soundness and thus its ability to meet the pension promise made to plan members. The trustees have decided that this increase in rates will be introduced effective April 1, 2006. The total amount paid into this pension plan by Tourism British Columbia for the 2005/06 fiscal year was $486,911 (2004/05: $420,067).

Employee future post-retirement benefits
Obligations for employee retirement allowances are detailed in the Corporation's collective agreement. The Corporation has accrued the estimated costs of these benefits, and has adopted the policy on a prospective basis with no retroactive restatement of prior year amounts. The total amount accrued in long-term liabilities for the 2005/06 fiscal year was $253,526 (2004/05: $219,768).

Employee pension – United Kingdom
Tourism British Columbia implemented a defined contribution pension plan for staff working in the United Kingdom in fiscal 2004. Staff contribute 5% of their base salary with a matching amount contributed by Tourism British Columbia. The pension plan is administered by Thomson's Wealth Management, a contracted pension administrator located in the United Kingdom. The total amount paid into this pension plan by Tourism British Columbia for the 2005/06 fiscal year was $8,602 (2004/05: $10,887).

13. Grants and contributions

	2006	2005
Ministry of Tourism, Sport and the Arts	22,435	12,000
Ministry of Finance	158	–
Ministry of Agriculture and Lands	18	25
Union of BC Municipalities	223	–
	22,834	**12,025**

The grant from the Ministry of Tourism, Sport and the Arts is provided to Tourism British Columbia to make up the difference between Tourism British Columbia's share of the Hotel Room Tax and $50 million. The Ministry of Finance grant is for employee signing bonuses, and has been included in receivables from the Province. The Union of BC Municipalities contribution of $500,000 was received in fiscal 2004/05, but $277,000 is being deferred to match against its intended use.

14. Grants to regional marketing organizations
Tourism British Columbia granted $2.0 million to the tourism regional destination marketing organizations (RDMO) in fiscal 2005/06. In 2004/05, grants totalling $12.0 million were received from the Ministry of Tourism, Sport and the Arts. At the Ministry's request, Tourism British Columbia then granted $2.0 million to each of the six RDMOs.

15. Contributed surplus
In March 2006, Tourism British Columbia received $200,000 from the Ministry of Tourism, Sport and the Arts to build new Visitor Centres at Merritt and Peace Arch. These contributions, together with the $2.0 million received in the prior year for a new Visitor Centre at Osoyoos, have been recorded as contributed surplus and will be recognized as revenue over the life of the buildings. An additional $5.8 million is expected to be received in 2006/07.

16. Cash
Cash otherwise reserved represents funds received for construction of Visitor Centres and trail improvements.

	2006	2005
Unrestricted cash	12,635	1,851
Cash for restricted purposes	2,863	3,178
Total cash	**15,498**	**5,029**

17. Comparative figures
Certain comparative figures in the financial statements have been restated to conform with the current year presentation.

CORPORATE GOVERNANCE

Tourism British Columbia is accountable to the Minister of Tourism, Sport and the Arts and its principal stakeholder group is the BC tourism industry. The corporation is appropriately governed by a 15-member, industry-led board of directors with management, financial and legal authority as ascribed under the *Tourism British Columbia Act*. The Board of Directors provide policy direction and leadership. The CEO, a position appointed by the board, manages the implementation of policies and corporate goals.

Board Governance Principles
The Board of Directors has adopted the guiding principles included in the provincial government's Governance Framework that provides an understanding of the roles and responsibilities for all parties that are part of the Crown corporation governance environment:

- Stewardship, Leadership and Effective Functioning of the Board
- Clarity of Roles and Responsibilities
- Openness, Trust and Transparency
- Service and Corporate Citizenship
- Accountability and Performance
- Value, Innovation and Continuous Improvement

Governance Practices
As of April 1, 2006, Crown agencies are required to disclose the status of their governance practices in relation to Section 3 of the Board Resourcing and Development Office's "Best Practice Guidelines for Governing Boards of BC Public Sector Organizations". Tourism BC is fully complying with these governance and disclosure guidelines, as detailed on our website at www.tourismbc.com.

2005/06 Board of Directors

Mr. Michael Duggan | Chair
Michael Duggan was elected and received an Order in Council (OIC) appointment to the Board in 1999 and became Chair in April 2001. He is currently President and owner of Boutique Hotels of BC, a hotel management company with hotels throughout BC. He was previously the General Manager of the Pan Pacific Whistler, from December 2000 to December 2003. His other industry experience includes positions at Sun Peaks Resort and 19 years at Silver Star Mountain Resort.

Ms. Beth Campbell | Vice Chair
Beth Campbell was elected and received an OIC appointment to the Board in 2000 and became Vice Chair in April 2002. She is the owner of the Best Western Inn at Penticton and a Governor for Best Western International. She is a former Mayor of the City of Penticton and is past-President of the Penticton Hotel Association and the Penticton Chamber of Commerce.

Mr. Frank Bourree
Frank Bourree was elected and received an OIC appointment to the Board in April 2001 and is the National Tourism Business Consulting Partner for Grant Thornton LLP. Prior to joining Grant Thornton, Frank owned and operated 10 restaurants on Vancouver Island. He has more than 25 years of personal and professional experience in the tourism and hospitality industry and is widely recognized as an expert advisor to the accommodation and food and beverage sectors.

Mr. Harley Elias
Harley Elias was elected and received an OIC appointment to the Board in April 2005 and is a director of Tourism Campbell River and Region. He has a broad-ranging background in tourism education, market research, hospitality consulting, resort operations and management. He also serves Campbell River and Region as Vice President of As Wild As You Like Adventures, a joint tourism venture with the Campbell River Indian Band. He also sits as co-Chair of the Board of the BC Centre for Tourism Leadership and Innovation.

Mr. Terry Farmer
Terry Farmer was elected and received an OIC appointment to the Board in April 2004. He is the Founder and President/CEO of Accent Inns Inc. (with 6 hotels throughout BC), and currently serves on Tourism Vancouver's Board of Directors. In 1998, he was awarded the Entrepreneur of the Year Award for Tourism and Hospitality (Pacific Region).

Ms. Kelley Glazer
Kelley Glazer was elected and received an OIC appointment to the Board in April 2001. She is the Director of Sales and Marketing for the Delta Victoria – Ocean Pointe Resort & Spa. Formerly the General Manager for the Ramada Hotel Downtown in Prince George, she has also served as President of the Northern British Columbia Tourism Association and as a Director of the Council of Tourism Associations of British Columbia. Currently, she is an elected member of the Victoria Destination Marketing Committee and appointed to the Tourism Vancouver Island Marketing Committee.

Mr. John Korenic
John Korenic was elected and received an OIC appointment to the Board in March 2002. He is the Aviation Marketing Director for the Vancouver International Airport Authority. He was also formerly a director of Pacific and Europe Alliances for Canadian Airlines International Ltd. and worked with Wardair Canada Inc. John also serves on Tourism Vancouver's Board of Directors.

Mr. Charles McDiarmid
Charles McDiarmid was elected and received an OIC appointment to the Board in March 2002. He is the Managing Director of the Wickaninnish Inn & Pointe Restaurant near Pacific Rim National Park. He also served as Tourism Vancouver's Sales Director after working for the Four Seasons Hotel Group in management positions in Calgary, Newport Beach, Seattle, Dallas and Washington, D.C.

Mr. Stuart McLaughlin
Stuart McLaughlin was elected and received an OIC appointment to the Board in March 2002. He is the President of Grouse Mountain Resorts, the Director for the Mountain Experience for the Kicking Horse Mountain Resort and a Director of Pacific Insight Electronics. Mr. McLaughlin is also the owner of Whistler Water and Polaris Water Company. He is currently serving on the Board of Tourism Vancouver as Chair.

Ms. April Moi
April Moi was elected and received an OIC appointment to the Board in 2000. She is the Executive Director of the Northern Rockies Alaska Highway Tourism Association in Fort St. John, which is responsible for coordinating and promoting visitor activity within Northeastern British Columbia. A past Visitor Information Centre Manager, she is also experienced in festival and event coordination.

Mr. Don Monsour
Don Monsour was elected and received an OIC appointment to the Board in April 2004. Don is immediate Past President of the Council of Tourism Associations of BC, currently chairs the Product Innovation and Enhancement Committee of the Canadian Tourism Commission (CTC), and is also the Chair of Chairs for the CTC. Mr. Monsour is owner of Bon-Appetit Foods Inc., President of Hospitality Associates and is Past President of the British Columbia Restaurant and Foodservices Association.

Ms. Sue Morhun
Sue Morhun was elected and received an OIC appointment to the Board in 2000. As the Manager of Community and Heritage Services for the Township of Langley, she has been promoting the history of British Columbia for more than 25 years, and has received several awards for her leadership in heritage preservation and museum studies. Ms. Morhun currently serves on the boards of the Land Conservancy of BC and the Barkerville Heritage Trust.

Mr. Stephen Smith
Stephen Smith was elected and received an OIC appointment to the Board in April 2000. He owns and operates two hotels in Prince Rupert, and is a Director of the British Columbia & Yukon Hotels' Association. In addition, he was previously a President of the Northern British Columbia Tourism Association and Tourism Prince Rupert.

Mr. Allen Tozer
Allen Tozer was elected and received an OIC appointment to the Board in March 2002. He is President of Lexlaur Properties Inc., a hospitality and commercial property company with investments in hotels in the Kootenay region and numerous commercial properties in the Okanagan, and the operator of the Okanagan Wine Festival. Mr. Tozer is Vice President, Finance and former President of the Thompson Okanagan Tourism Association.

2005 – 2006 Committees of the Board

The **Executive Committee** will make decisions on behalf of the Board in extraordinary circumstances and assist the Board of Directors in the areas of audit, Human Resource policy, and policy matters and special issues not normally dealt with by other standing committees. The committee also assists the Board of Directors with the nomination and recommendation to the Minister responsible and Lieutenant Governor in Council of the recommended candidates to fill industry member seats as member's terms expire.
Members: Mike Duggan, Chair, Beth Campbell, Vice Chair, Allen Tozer, Terry Farmer, Steve Smith, Kelley Glazer, Frank Bourree

The **Corporate Services and Audit Committee** reports to the Board of Directors on financial, administrative and human resource issues.
Members: Allen Tozer, Chair, Stuart McLaughlin

The **Visitor Services Committee** assists the Board of Directors with major policy decisions in the visitor services area.
Members: Terry Farmer, Chair, April Moi, Harley Elias

The **Business Development Committee** assists the Board of Directors with major policy decisions in the areas of business and marketing development.
Members: Steve Smith, Chair, Don Monsour, Sue Morhun

The **Marketing Committee** assists the Board of Directors with major policy decisions in the areas of consumer and trade marketing.
Members: Kelley Glazer, Chair, Charles McDiarmid, John Korenic

TOURISM BRITISH COLUMBIA OFFICERS

Rod J. Harris | President and Chief Executive Officer
Rod Harris was appointed CEO and President of Tourism British Columbia by the Board of Directors upon its establishment as a Crown corporation in 1997. He has held senior management positions in the private and public sectors, including serving on the Board of the Canadian Tourism Commission.

Grant Mackay | Vice President, Marketing & Sales
Grant Mackay was appointed Vice President of Marketing & Sales in 1997, and is responsible for developing Tourism British Columbia's marketing and sales strategies. He joined Tourism British Columbia in 1995 after 17 years of management experience in the packaged-goods industry.

Rick Lemon | Vice President, Visitor Services
Rick Lemon was appointed Vice President of Tourism Operations in 1997 and has been with Tourism British Columbia for 26 years. He is responsible for visitor services and sales, tourism product management and research training services. Rick designed the groundbreaking SuperHost® training program and has been extensively involved with tourism development throughout British Columbia.

Don Foxgord | Vice President, Business Development
Don Foxgord was appointed Vice President of Business Development in 1997 and is responsible for business development, British Columbia Magazine® and industry development. He joined Tourism British Columbia in 1987 after four years as regional manager of the British Columbia Rockies tourism region and has extensive experience in developing tourism around the province.

Len Dawes | CA, Vice President & Chief Financial Officer, Corporate Services
Len Dawes was appointed CFO of Corporate Services in 1998 and is responsible for Tourism British Columbia's financial, information and administrative systems.

Rose Moss | Vice President, Human Resource Development
Rose Moss was appointed Executive Director of Human Resources in 2000. She is responsible for developing and implementing Tourism British Columbia's human resource infrastructure, which includes compensation, performance management, career development, recruitment, succession and labour relations. She has extensive HR experience in the private and public sectors.

GLOSSARY

Many of these terms are relevant for the British Columbia tourism industry.

ADS	Approved Destination Status (with China)
CICA	Canadian Institute of Chartered Accountants
CTC	Canadian Tourism Commission
DMO	Destination Marketing Organization
DMS	Destination Management System
FIT	Fully Independent Travel
FAM	Familiarization Tour of Tourism Product
HRD	Human Resource Development (British Columbia Tourism HRD Task Force)
ITB	International Tourism Bourse
RDMO	Regional Destination Marketing Organization
SICEAI	Softwood Industry Community Economic Adjustment Initiative
TAWNC	Tourism Alliance for Western and Northern Canada
TIAC	Tourism Industry Association of Canada
TIC	Tourism Industry Conference
WED	Western Economic Diversification

APPENDIX 1: PERFORMANCE MANAGEMENT SYSTEMS

To ensure Tourism BC continues to be responsive to the needs of the tourism industry, performance measures have been incorporated at three levels: industry performance, corporate performance, and individual business unit performance. The following table highlights the key industry and corporate performance measures.

Performance Measure	Objective of Measure	Data Source
Industry Measures Provincial tourism revenues from "volume" markets ($billions) Provincial tourism revenues from "high-yield" markets ($billions) Visitation – overnight customs entries US market (millions) Visitation – overnight customs entries overseas markets (millions) China Growth – anticipated visitation (thousands)	To track progress towards doubling tourism revenues by 2015.	Tourism BC. The base revenue was established in a 1996 Angus Reed survey *BC Visitor Study*. Tourism BC updates the data annually by monitoring an extensive combination of indicators with particular focus on accommodation statistics such as room revenue, occupancy levels and average daily rates. In addition, Tourism BC monitors visitation through customs entries, airport arrivals, cruise ship activity, attendance at provincial parks, ferry and highway traffic, and visitor party information gathered from the 110+ Visitor Centre locations.
Corporate Measures** ROI, BC Escapes® program	To measure the return on investment from Tourism BC's biggest promotional program.	Ongoing Conversion Study from an independent third party. This study factors out those variables outside of Tourism BC's control.
Number of consumer travel guides distributed through Tourism Partners Program (thousands)	To measure the number of consumers requesting travel guides from our regional partners.	Tourism BC; Regional DMOs
Equivalent dollar value of unpaid media	To measure the value of unpaid coverage of British Columbia tourism in print, TV, radio.	Tourism BC
Unique visitors to www.HelloBC®.com (millions)	To track # of visitors to Tourism BC consumer website as a success indicator of marketing programs.	Tourism BC
Visitors served at Visitor Centre locations (millions)	To measure # of visitors seeking tourist information at the 110+ Visitor Centre locations throughout the province.	Tourism BC
Accommodation properties inspected	To track # of properties inspected as part of Quality Assurance program.	Tourism BC
# of participants trained through SuperHost® training programs.	To measure one of mandated objectives: enhance professionalism in tourism industry.	Tourism BC

Performance Measure	Objective of Measure	Data Source
Number of product sectors assisted	To measure # of tourism product sectors assisted in developing market ready product.	Tourism BC
Corporate program revenues	To measure against one of mandated goals: generate additional funding for tourism programs.	Tourism BC (audited annually)
Industry Stakeholder satisfaction survey of Tourism BC programs and services (1-5 scale)	To measure external stakeholder satisfaction with Tourism BC programs.	Annual Stakeholder Survey – Tourism BC Research Dept.
Cost of office space per employee Support Services costs per employee	To measure support services costs and compare against similar organizations as a measure of administrative overhead.	Tourism BC
Employee absence rate Employee turnover rate	Measures satisfaction of employees.	Tourism BC

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